

Hearing Date and Time: January 16, 2013 at 10:00 a.m. (prevailing Eastern Time)
Objection Deadline: January 11, 2013 at 12:00 p.m. (prevailing Eastern Time) (by agreement)

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

	----- X -----
In re:	: Chapter 11
	: Case No. 12-12020 (MG)
Residential Capital, LLC, <u>et al.</u> ,	: Jointly Administered
Debtors.	: ----- X -----

**RESERVATION OF RIGHTS OF THE OFFICIAL COMMITTEE
OF UNSECURED CREDITORS WITH RESPECT TO THE DEBTORS'
MOTION FOR A SUPPLEMENTAL ORDER UNDER BANKRUPTCY
CODE SECTIONS 363, 1107(A) AND 1108 TO THE FINAL WAGES ORDER
AUTHORIZING THE DEBTORS TO MAKE PAYMENTS TO THEIR EMPLOYEES
UNDER THE RESIDENTIAL CAPITAL, LLC ANNUAL INCENTIVE PLAN**

TO THE HONORABLE MARTIN GLENN,
UNITED STATES BANKRUPTCY JUDGE:

The Official Committee of Unsecured Creditors (the "Committee") of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors") hereby submits this reservation of rights (the "Reservation of Rights") with respect to the Debtors' Motion for a Supplemental Order Under Bankruptcy Code Sections 363, 1107(a) and 1108 to the Final Wages Order Authorizing the Debtors to Make Payments to their Employees Under the Residential Capital, LLC Annual Incentive Plan [Docket No. 2520] (the "Motion").¹ The Committee respectfully submits as follows:

¹ Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Motion.

After considering the relief sought by the Motion, the Committee has determined that it has no objection to the Debtors' request to make AIP payments to employees that are not also participating in the KEIP and KERP programs. However, the Committee has expressed concerns to the Debtors regarding the amount of the AIP payments requested for employees who are also participating under the KEIP and KERP.² At this time, the Committee and the Debtors are engaging in discussions regarding the amount of the AIP payments for these employees, and the Debtors have assured the Committee that they will continue to negotiate in good faith to achieve a reduction that is acceptable to the Committee prior to the hearing. In the event these negotiations prove unsuccessful, the Committee reserves its right to file an objection to the Motion and raise any objections or issues at the hearing.

Dated: New York, New York
January 11, 2013

KRAMER LEVIN NAFTALIS & FRANKEL LLP

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² While the Committee was aware of the AIP when analyzing and ultimately consenting to the KEIP and KERP, the Committee determined not to address the AIP until the Debtors formulated and finalized their request to make AIP payments, and expressly "reserve[d] all [its] rights to the extent the Debtors seek to make any payments under the AFI LTECIP and ResCap AIP" at a later date. *See Order (I) Approving the Debtors' Key Employee Incentive Plan for Certain Insiders and (II) Payment of any Obligations Arising Thereunder as Administrative Expenses* [Docket No. 1854]; *Order (I) Approving the Debtors' Key Employee Retention Plan for Certain Non-Insiders and (II) Payment of any Obligations Arising Thereunder as Administrative Expenses* [Docket No. 1169].